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Securities Code: 6815

October 13, 2022

To Our Shareholders:

12-7, Hatchobori 2-chome, Chuo-ku, Tokyo

UNIDEN HOLDINGS CORPORATION

Tatsuhiro Muto, Representative Director, President and CFO

Notice of an Extraordinary General Meeting of Shareholders

You are hereby notified that an Extraordinary General Meeting of Shareholders of the Company will be held as indicated below.

We will hold the Extraordinary General Meeting of Shareholders with measures in place to prevent the spread of COVID-19 as described below. We, however, request all shareholders to consider refraining from attending the meeting in person in order to prevent the spread of infections. Instead of attending the meeting, you can exercise your voting rights in advance in writing or via the Internet. For the exercise of voting rights in writing or via the Internet, please review the attached Reference Material for the General Meeting of Shareholders and exercise your voting rights by no later than 5:30 p.m. on Thursday, October 27, 2022.

You will be able to view the live streaming of the Extraordinary General Meeting of Shareholders on a dedicated website, even if you do not attend the meeting in person.

5. Instructions for the Exercise of Voting Rights

(1) Exercise of Voting Rights in Writing

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:30 p.m. on Thursday, October 27, 2022.

In the event that your vote for or against a proposal is not indicated on the Voting Rights Exercise Form in the case of exercising your voting rights in writing, it will be deemed that you have voted for the proposal if it is a company proposal, and against the proposal if it is a shareholder proposal.

(2) Exercise of Voting Rights via the Internet

Please refer to the “Procedures for Exercising Voting Rights via the Internet, etc.” on page 5 (Japanese only) and exercise your voting rights by 5:30 p.m. on Thursday, October 27, 2022.

If any corrections are made to the enclosed Reference Material for the General Meeting of Shareholders, they will be posted on the Company’s website (<http://www.uniden.co.jp/>).

The result of resolutions of the General Meeting of Shareholders will be posted on the above website, instead of sending a written notice of the resolution. We appreciate your understanding in advance.

Reference Material for the General Meeting of Shareholders

Item 1: Share Consolidation

1. Reasons for the Share Consolidation

As the Company announced in a press release dated June 23, 2022, “Uniden Holdings’ Opinion on Valencia K.K.’s Tender Offer” (hereinafter, the “Press Release”), Valencia K.K. (hereinafter, the “Offeror”) decided on June 23, 2022 to launch a tender offer for shares of the Company (hereinafter, the “Tender Offer”). The Tender Offer is part of the Offeror’s transactions (hereinafter, the “Transactions”) to acquire all of the issued shares of the Company listed on the Prime Market of the Tokyo Stock Exchange, except Cornwall Master LP’s (Note 1) shares of the Company (1,131,900 shares and the shareholding ratio (Note 2) of 19.25%) (hereinafter, the “Untendered Shares”) and shares held by the Company to take the Company private, through a series of procedures including the Tender Offer and a consolidation of shares of the Company (hereinafter, the “Share Consolidation”) at a consolidation ratio such that the Offeror and Cornwall Master LP will hold all the shares of the Company (excluding shares held by the Company) and the subsequent disposal of fractional shares.

(Note 1) According to Cornwall Master LP, it is a limited partnership incorporated under the laws of Cayman Islands, whose equity interests are entirely held by an investment fund managed by Cornwall Capital Management LP and its group (hereinafter, collectively “Cornwall”). The Company has been made aware that the Offeror, in commencing this Tender Offer, agreed verbally with Cornwall Master LP on June 23, 2022 that Cornwall Master LP will not tender the Untendered Shares it holds for the Tender Offer.

(Note 2) “Shareholding ratio” refers to the percentage (rounded to the nearest one-hundredth) against the number of shares (5,878,699 shares), calculated as the total number of issued shares (5,879,501 shares) of the Company as of March 31, 2022, as stated in the Annual Securities Report for the 57th term submitted by the Company on June 29, 2022 (hereinafter, the “Company’s Securities Report”), less the number of treasury shares (802 shares) held by the Company as of the same date as stated in the Company’s Securities Report; hereinafter the same.

As the Company announced in a press release dated August 9, 2022, “Results of Valencia K.K.’s Tender Offer for Uniden Holdings’ Shares and Changes in Parent Company, Largest Shareholder among Major Shareholders, and Major Shareholders,” the Offeror implemented the Tender Offer from June 24, 2022 through August 8, 2022. As a result, the Offeror held 3,386,743 shares of the Company (shareholding ratio: 57.61%) as of August 16, 2022, the commencement date of settlements for the Tender Offer.

Since the Company announced in May 2021 that it would break away from the former management team (Note 3), it has actively worked to increase corporate value with a focus on further enhancement of its governance systems and thorough legal compliance. However, as the equity market pressured the Company to pursue short-term profits, the Company had to allocate its limited management resources to tasks other than day-to-day management of its core electronics business. Specifically, the Company was required to formulate and implement measures to address the equity market that urged the Company to pursue short-term profits. As such, the Company was unable to dedicate its management resources to the day-to-day management, such as operating, expanding, and managing the electronics business. In light of these issues, the Board of Directors held many discussions on how the Company should continue addressing these issues over the medium to long term. In the course of these discussions, Cornwall contacted Mr. Tatsuhiro Muto, Representative Director, President and CFO of the Company and asked him to discuss

future plans for the Company's capital and management with Cornwall. In response to this request, the Company held discussions with Cornwall from late December 2021 to early January 2022 via phone calls and in-person meetings on future plans for the Company's capital and management, which included a capital policy that involves corporate privatization, as well as plans to focus management resources into the electronics business after taking the Company private. On January 21, 2022, the Company received a proposal from Cornwall in the form of a letter of intent (hereinafter, the "Proposal"), which expressed Cornwall's official intent regarding the Transactions, including its intent to make the Company a wholly-owned subsidiary. The Company replied to Cornwall via email on February 4, 2022 that it would consider the Proposal positively. Meanwhile, with the aim of ensuring benefits for all stakeholders, including shareholders, business partners, and employees, as well as more quickly achieving the enhancement of corporate value, the Board of Directors of the Company made careful deliberations on the appropriateness of the Transactions, which are designed to take the Company private and to focus its limited management resources on the electronics business in order to carry out structural reforms without excessive focus on short-term earnings or being swayed by demands from the equity market that pursues shareholder returns.

(Note 3) The "former management team" refers to the management team led by Mr. Hidero Fujimoto (hereinafter, "Mr. Fujimoto"), former Representative Director and Chairman, and his entourage who made no objections whatsoever to Mr. Fujimoto. This system was under scrutiny for the lack of basic corporate governance, monitoring, financial management, ethics, and compliance functions, and was the cause of unbecoming accounting treatments such as multiple postponements of the finalization of accounts for the fiscal year ended March 31, 2020, as well as restatements of annual securities reports for prior fiscal years, which stemmed from improper accounting practices at the Company's wholly-owned subsidiary Uniden America Corporation, discovered in mid-February 2020.

As a result, the Company concluded that, if it carries out the Transactions whose primary objective is to take the Company private with the Offeror as a sponsor, it would be able to focus its management resources on the electronics business by shifting away from activities other than corporate management, specifically activities to address the equity market that urges the Company to pursue short-term profits, as it would be able to dedicate more effort to drastic structural reforms by doing away with the effort previously required for addressing a myriad of issues associated with being a publicly traded company. The Company determined that this would increase the likelihood of increasing the Company's corporate value more quickly in comparison to working to maintain its listing on the stock exchange and to address a myriad of issues on its own, given that the Company was facing issues such as the need to allocate considerable management resources for addressing the advent of shareholders who demand short-term dividend hikes and other unexpected turns of events. With a view to ensuring fairness in the terms and conditions for the Transactions, including the offer price per share of the Company (hereinafter, the "Offer Price"), the Company selected Nagashima Ohno & Tsunematsu on February 18, 2022 as a legal advisor independent from the Company, the Offeror, and Cornwall and selected Plutus Consulting Co., Ltd. (hereinafter, "Plutus") on March 4, 2022 as a financial advisor and third-party valuation organization independent from the Company, the Offeror, and Cornwall.

Considering that the Offeror intends to make the Offeror and Cornwall Master LP the sole shareholders of the Company through the Transactions including the Tender Offer, the Company established a special committee (hereinafter, the "Special Committee") on March 14, 2022, where all its four Outside Directors concurrently serving as Audit and Supervisory Committee members and independent officers serve as members, to examine

the proposals under the Transactions, in light of the impact on the Company's shareholders from the moves to take the Company private.

Given the outline of the Transactions including the Tender Offer, the impact of the Transactions on the Company, details of management policies after the Transactions have been completed, and recent share price trends, the Company examined the appropriateness of the Transactions based on the negotiation policies, as well as opinions, instructions, and requests for important phases during negotiations, which have been verified in advance by the Special Committee, upon holding multiple discussions with Plutus and Nagashima Ohno & Tsunematsu.

The Company received a proposal from Cornwall on April 11, 2022 that the Offer Price would be set at 3,700 yen, and held discussions and negotiations with Cornwall on transaction terms, including the Offer Price, on an ongoing basis. On the same date, the Company received a proposal from Cornwall that the minimum number of shares to be purchased through the Tender Offer would be a number of shares with which the Offeror will come to hold roughly 50% of the total number of voting rights after the Tender Offer, based on the number obtained by multiplying the total number of voting rights with the highest ratio of voting rights exercised at the Company's Ordinary General Meetings of Shareholders held in the last three years (tentatively estimated at 75%). The Company examined this proposal, given details of the valuation estimates for shares of the Company reported by Plutus, as well as opinions of the Special Committee. As a result, the Company determined that the proposed price was lower than a reasonable level at which the Company may make a resolution to recommend that general shareholders tender their shares, in light of the levels of premiums awarded in 16 tender offer cases (using the business day immediately prior to the announcement date as a base date, the average premium given worked out to be 34.84% relative to the base date [rounded to the nearest one-hundredth; hereinafter the same for premium calculations], 36.48% relative to the average closing price over one month up to the base date, 37.33% relative to the average closing price over three months up to the base date, and 39.58% relative to the average closing price over six months up to the base date) between companies where neither company had controlling interest in the other, whose objective was to make the target company a wholly-owned subsidiary, that were announced and successfully implemented in or after April 2019, the levels of premiums awarded in six cases among them with a price-to-book multiple of less than 1 (using the business day immediately prior to the announcement date as a base date, the average premium given worked out to be 27.00% relative to the base date, 32.53% relative to the average closing price over one month up to the base date, 35.30% relative to the average closing price over three months up to the base date, and 35.03% relative to the average closing price over six months up to the base date), and the theoretical value of share of the Company in light of the medium-term management plan, which the Company announced on February 14, 2022. Therefore, the Company requested Cornwall on April 14, 2022 to reconsider the Offer Price. As for the minimum number of shares to be purchased through the Tender Offer, the Company held discussions with Plutus and Nagashima Ohno & Tsunematsu from the perspective of ensuring fair M&A practices. If the minimum number of shares to be purchased was set at roughly 50% of the total voting rights, it would allow the tender offer to be completed even if the terms of the tender offer were not accepted by shareholders holding a half of the shares of the Company. Furthermore, this would give rise to a practical concern that proposals associated with the series of procedures for taking the Company private (hereinafter, the "Squeeze-out Process") might not receive enough approvals to satisfy the requirements for resolution at a general meeting of shareholders. As the Company determined the risk that such a scenario could place the Company and its general shareholders under uncertain conditions and cause significant damage to them was impermissible, the Company requested Cornwall to set a minimum so that Cornwall would

come to hold at least two-thirds of the total number of voting rights after the Tender Offer. The Company henceforth held multiple discussions and negotiations with Cornwall on the Offer Price and the minimum number of shares to be purchased through the Tender Offer. On April 20, 2022, the Company received a proposal from Cornwall to set the Offer Price at 3,900 yen but not raise the minimum number of shares to be purchased. However, the Company determined that the proposed price and minimum number of shares to be purchased were still lower than reasonable levels at which the Company may make a resolution to recommend that general shareholders tender their shares. Therefore, on April 25, 2022, the Company requested Cornwall to consider raising the Offer Price and the minimum number of shares to be purchased, making a counterproposal to set the Offer Price at 4,800 yen, comprehensively taking into account the valuation estimates for shares of the Company provided by Plutus and the above-mentioned premium levels awarded in tender offer cases between companies where neither company had controlling interest in the other, whose objective was to make the target company a wholly-owned subsidiary, and to set a minimum number of shares to be purchased so that Cornwall would come to hold at least two-thirds of the total number of voting rights after the Tender Offer. While the price of 4,800 yen is below net assets per share (5,705 yen), the Company believes as detailed below that it is not reasonable to emphasize the carrying amount of net assets when considering the tender offer price for shares of the Company, which is a going concern, because the carrying amount of net assets neither represents a company's theoretical liquidation value nor reflects future earnings power, and because it exceeds the effective liquidation value. The Company henceforth held multiple discussions and negotiations with Cornwall on the Offer Price and the minimum number of shares to be purchased through the Tender Offer. On April 28, 2022, the Company received another proposal from Cornwall to set the Offer Price at 3,900 yen but not raise the minimum number of shares to be purchased. However, the Company determined that the proposed price and minimum number of shares to be purchased were still lower than reasonable levels at which the Company may make a resolution to recommend general shareholders to tender their shares. Therefore, on May 9, 2022, the Company made yet another request for Cornwall to raise the Offer Price. At the same time, the Company requested Cornwall to set the minimum number of shares to be purchased at a level that can ensure a majority of minority (given that Cornwall holds roughly 20% of outstanding shares, to set the minimum number of shares to be purchased through the Tender Offer at a number equivalent to roughly 40% of outstanding shares, or a half of the remaining 80%). The latter request was intended to reflect wishes of general shareholders as much as possible, in light of the possibility that setting the minimum number of shares to be purchased at a level at which the Offeror and Cornwall would come to hold at least two-thirds of the total number of voting rights could actually work as a detriment to the completion of the tender offer, given that there is a meaningful number of shareholders, such as index funds (Note 4), who are unlikely to tender their shares. With these requests, the Company urged Cornwall to consider raising the Offer Price and the minimum number of shares to be purchased. In response, the Company received a proposal from Cornwall on May 17, 2022 to set the Offer Price at 4,000 yen and to raise the minimum number of shares to be purchased to 55%. As the Company determined that the proposed price was still lower than a reasonable level at which the Company may make a resolution to recommend that general shareholders tender their shares, the Company made another request for Cornwall to consider raising the Offer Price. As detailed above, the Company held multiple discussions and negotiations with Cornwall on the Offer Price and the minimum number of shares to be purchased through the Tender Offer. As a result, the Company received a proposal from Cornwall on June 3, 2022 to set the Offer Price at 4,100 yen and the minimum number of shares to be purchased at a number with which Cornwall would ultimately come to hold 55% of the total number of voting rights in the Company. At this time, Cornwall informed the Company that this proposal would be the final one. In

response to this proposal from Cornwall, the Company responded to Cornwall on June 3, 2022 that it would accept this proposal to set the Offer Price at 4,100 yen and to set the minimum number of shares to be purchased at the proposed number, subject to the final decision to be made upon resolution of the Company's Board of Directors based on a recommendation from the Special Committee. In light of the fact that the stock staged a sharp rally thereafter and the share price reached 4,000 yen at one point on June 15, 2022, the Company requested Cornwall unofficially to further increase the Offer Price. However, on June 17, the Company received a response from Cornwall stating that the price of 4,100 yen has already exceeded the maximum price Cornwall could offer, and that it has no intention of increasing the offer price despite the market rally.

(Note 4) "Index funds" typically mean "funds that aim to secure a rate of return on par with the market average by constructing a portfolio aimed at tracking the performance of a specific market benchmark (index), such as a stock market index." This term is used in this document with the same meaning.

The reasons why the Company determined that it would accept the Offer Price as stated above are as follows: (i) among valuation estimates for shares of the Company provided by Plutus, which are stated in "1) Obtaining a stock value valuation report and fairness opinion from an independent third-party valuation organization" of "(4) Measures to ensure the fairness of the Transactions and to avoid conflicts of interest" in "3. Matters Concerning of Reasonableness of Rules for Ratio of Share Consolidation (matters concerning the reasonableness of the provisions regarding the matters stipulated in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act)" below, the Offer Price exceeded valuation estimates based on the market price method, as well as the stock's historical high over the last five years. It was also reasonably expected to fall within the range of estimates based on a discounted cash flow approach (hereinafter, the "DCF method"); (ii) the Company expected to receive a fairness opinion from Plutus; (iii) measures to ensure fairness in the Tender Offer, which are stated in "(4) Measures to ensure the fairness of the Transactions and to avoid conflicts of interest" in "3. Matters Concerning of Reasonableness of Rules for Ratio of Share Consolidation (matters concerning the reasonableness of the provisions regarding the matters stipulated in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act)" below have been adopted and the Company has deemed that consideration is given for benefit of general shareholders. In particular, in the process of determining the Offer Price, the Company reported to the Special Committee in a timely manner on the process and details of discussions and negotiations regarding the Transactions between the Offeror and the Company, held meetings of the Special Committee each time to discuss policies, etc., held discussions between the Company and the Offeror multiple times, and otherwise involved the Special Committee in the negotiation process with the Offeror before accepting the final proposal from the Offeror; and (iv) the Company determined that it would be difficult to obtain a further increase in the price from Cornwall. Moreover, the Company has determined that it would accept the minimum number of shares to be purchased in the Tender Offer (2,101,400 shares, shareholding ratio: 35.75%) based on the following analysis and approach. In other words, among the Company's shareholders, there are index funds, etc., whose shareholding ratio reaches at least approximately 10%. The Company has analyzed that even if these index funds, etc. agree to the Tender Offer, they will not be able to tender their shares for the Tender Offer unless the Company is delisted from the stock exchange and excluded from the TOPIX, etc., and that if it is deemed that the Tender Offer will be successful and the Company's proposal for a share consolidation is highly likely to be objectively approved, they will vote in favor of the proposal. Based on such analysis, the shareholding ratio of the Company's shareholders who will decide whether or not to tender their shares in the Tender Offer in accordance with the determination of whether the terms of the Transactions, including the terms of the Tender Offer, are appropriate, will be

approximately 70%, a ratio estimated by subtracting the shareholding ratio of the Cornwall (19.25%) and the shareholding ratio of index funds, etc. (approximately 10%) from 100%. Therefore, the minimum number of shares to be purchased (ultimately, the number of shares calculated so that the number of voting rights held by Cornwall in the Company will be 55% of the total voting rights in the Company (2,101,400 shares, shareholding ratio: 35.75%)) can be deemed to be set so that the Tender Offer will be consummated only if about half of the approximately 70% of the Company's shares estimated to be owned by the Company's shareholders who decide whether or not to tender their shares to the Tender Offer in accordance with the determination of whether the terms of the Transactions, including the terms of the Tender Offer, are appropriate, and we believe that it can be deemed that the results of the decisions of the Company's general shareholders to tender their shares are respected to a certain degree. According to the analysis above, if the Tender Offer is successful, approximately 65% of the shareholders will possibly vote in favor of the proposal of the share consolidation. Therefore, even if the results of this analysis are viewed conservatively, the Company believes, considering the ratio of voting rights exercised at the Company's ordinary general meetings of shareholders over the past five years (the average ratio of voting rights exercised at the Company's ordinary general meetings of shareholders over the past five years was 52.64%, and the maximum ratio was 72.23%), that it is considered to be a realistic level at which the proposal for the share consolidation will be approved at the Extraordinary General Meeting of Shareholders after the Tender Offer is approved.

Although the Offer Price is below net assets per share (5,705 yen) calculated by using the Company's consolidated carrying amount of net assets as of March 31, 2022, the Company's assets include highly specialized products and materials in the electronics business, machinery and equipment, and other assets for business with low liquidity, and considering the difficulty of selling the assets and the considerable additional costs associated with liquidation, as well as the existence of unpaid dividends with a record date of March 2022, the carrying amount of net assets will not be revalued as is, and it is expected to be impaired to a considerable degree. Consequently, it is not considered to represent the theoretical liquidation value of the Company, nor does it reflect the future earnings power of the Company, and because it exceeds the actual liquidation value, we believe that it is not reasonable to emphasize the carrying amount of net assets in the calculation of corporate value of the Company as a going concern.

In the course of such discussions and examinations, the Company requested Plutus, a third-party valuation organization, to calculate the value of shares of the Company as described in "1) Obtaining a stock value valuation report and fairness opinion from an independent third-party valuation organization" of "(4) Measures to ensure the fairness of the Transactions and to avoid conflicts of interest" in "3. Matters Concerning of Reasonableness of Rules for Ratio of Share Consolidation (matters concerning the reasonableness of the provisions regarding the matters stipulated in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act)," and obtained from Plutus a stock value valuation report (hereinafter, the "Stock Valuation Report") and a fairness opinion on the fairness of the Offer Price (hereinafter, the "Fairness Opinion") as of June 22, 2022. Details of the Stock Valuation Report and the Fairness Opinion are described in "1) Obtaining a stock value valuation report and fairness opinion from an independent third-party valuation organization" of "(4) Measures to ensure the fairness of the Transactions and to avoid conflicts of interest" in "3. Matters Concerning of Reasonableness of Rules for Ratio of Share Consolidation (matters concerning the reasonableness of the provisions regarding the matters stipulated in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act). The Company also received necessary legal advice from Nagashima Ohno & Tsunematsu on the method and process of decision-making by the Board of Directors of the Company, including various procedures regarding the Transactions, and other points to note, as well

as a written report (hereinafter, the “Written Report”) dated June 22, 2022 from the Special Committee. (For a summary of the Written Report and specific activities of the Special Committee, please refer to “(3) Establishment of the Special Committee in the Company and acquisition of the Written Report from the Special Committee” of “(4) Measures to ensure the fairness of the Transactions and to avoid conflicts of interest” in “3. Matters Concerning of Reasonableness of Rules for Ratio of Share Consolidation (matters concerning the reasonableness of the provisions regarding the matters stipulated in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act)” below.) Then, in light of the Stock Valuation Report, the Fairness Opinion, and the legal advice received from Nagashima Ohno & Tsunematsu, all members of the Company’s Board of Directors (four (4) out of the five (5) members are Outside Directors concurrently serving as Audit and Supervisory Committee members and independent officers) have carefully discussed and examined the Transactions in late December 2021 and in late January 2022 onward, from the perspectives of whether the Transactions could enhance corporate value of the Company and whether the terms and conditions of the Transactions, such as the Offer Price, are reasonable, while respecting the contents of the Written Report to the maximum extent possible.

As a result of the discussions and examinations above, it must be said that the Company is still in the process of recovering its business relationships with suppliers and customers and its human resource base of employees, which were damaged under the former management team. In light of the fact that the electronics business, its core business, has not been able to respond quickly to changes in the current competitive environment and has been losing sales opportunities and market share due to issues in the inventory and supply chain, as well as the fact that the stock market is demanding the pursuit of short-term profits and our valuable management resources are required to respond to and implement the stock market’s request for short-term profits other than the daily management activities of the electronics business, which prevents the Company from concentrating on daily management activities, such as the operation, expansion, and management of the electronics business, the Company has come to the conclusion that, rather than maintaining its listing and addressing the multiple issues described above on its own, would be better off going private as a subsidiary of the Offeror and concentrating solely on the management of the electronics business, which would enable the quick realization of enhancement in corporate value. Cornwall’s analysis of our core electronics business shows that they highly value our dedicated customer base with generations of attachment to the brand, especially in the scanner business with the largest market share in the United States, radar detectors, CB radios, and cordless telephone and CB radio sales business in Australia, as well as that they have taken interest in our strengths such as high market share in stable niche markets and our own plant in Vietnam, which is considered to have low labor costs compared to Japan, North America, and Australia, all of which are main markets for the Company’s products. Cornwall stated that they find great value and potential in the Company and would like to offer any support necessary, and furthermore, has expressed its commitment to our medium- and long-term value creation. For these reasons, in late May 2022, we came to the conclusion that Cornwall is a partner with which we can work together to realize increased corporate value at an early stage. Cornwall has highly evaluated our management skills under the current management team, which has restructured and improved the governance system and established a foundation that allows us to focus on our primary business, the electronics business. We also believe that the Transactions will enable us to focus our management resources on the electronics business in order to realize our envisioned future growth strategy, and that we will benefit from Cornwall’s support in terms of human resources and strategy to further enhance corporate value through such efforts. In particular, we believe that initiatives that Cornwall envisions including enhanced inventory and supply chain management, marketing and digital advertising strategies, sales channels, and pricing reviews will contribute to the

enhancement of corporate value, and we positively appreciate Cornwall's provision of the human network necessary to execute these initiatives.

In addition, the Company has determined that the Tender Offer would provide its general shareholders with reasonable opportunity to sell their shares for the following reasons: (i) among valuation estimates for shares of the Company provided by Plutus, which are stated in "1) Obtaining a stock value valuation report and fairness opinion from an independent third-party valuation organization" of "(4) Measures to ensure the fairness of the Transactions and to avoid conflicts of interest" in "3. Matters Concerning of Reasonableness of Rules for Ratio of Share Consolidation (matters concerning the reasonableness of the provisions regarding the matters stipulated in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act)" below, the Offer Price exceeds valuation estimates based on the market price method, as well as the stock's historical high over the last five years, and also reasonably falls within the range of estimates based on the DCF method; (ii) as described in "1) Obtaining a stock value valuation report and fairness opinion from an independent third-party valuation organization" of "(4) Measures to ensure the fairness of the Transactions and to avoid conflicts of interest" in "3. Matters Concerning of Reasonableness of Rules for Ratio of Share Consolidation (matters concerning the reasonableness of the provisions regarding the matters stipulated in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act)" below, the Company obtained the Fairness Opinion from Plutus stating that the Offer Price is fair to the Company's general shareholders from a financial point of view; (iii) as stated above, although the Offer Price is below the net assets per share of the Company (5,705 yen), it is not reasonable to emphasize the carrying amount of net assets in the calculation of corporate value of the Company as a going concern; and (iv) Measures to ensure fairness in the Tender Offer, which are stated in "(4) Measures to ensure the fairness of the Transactions and to avoid conflicts of interest" in "3. Matters Concerning of Reasonableness of Rules for Ratio of Share Consolidation (matters concerning the reasonableness of the provisions regarding the matters stipulated in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act)" below, have been adopted and it is deemed that consideration is given for benefit of general shareholders. In particular, in the process of determining the Offer Price, the Company reported to the Special Committee in a timely manner on the process and details of discussions and negotiations regarding the Transactions between the Offeror and the Company, held meetings of the Special Committee each time to discuss policies, etc., held discussions between the Company and the Offeror multiple times, and otherwise involved the Special Committee in the negotiation process with the Offeror before accepting the final proposal from the Offeror. At a meeting of the Board of Directors held on June 23, 2022, the Company's Directors (including Audit and Supervisory Committee Members) unanimously resolved to express an opinion in favor of the Tender Offer as well as to recommend that the Company's shareholders tender their shares in the Tender Offer.

The Company has analyzed that among the Company's shareholders, the shareholding ratio of index funds, etc. who will not tender their shares in the Tender Offer but are expected to vote in favor of the proposal for the share consolidation will amount to at least approximately 10%. Based on such analysis, the shareholding ratio of the Company's shareholders who will decide whether or not to tender their shares in the Tender Offer in accordance with the determination of whether the terms of the Transactions, including the terms of the Tender Offer, are appropriate, will be approximately 70%, a ratio estimated by subtracting the shareholding ratio of the Cornwall (19.25%) and the shareholding ratio of index funds, etc. (approximately 10%) from 100%. Therefore, the minimum number of shares to be purchased (ultimately, the number of shares calculated so that the number of voting rights held by Cornwall in the Company will be 55% of the total voting rights in the Company (2,101,400 shares, shareholding ratio: 35.75%)) can be deemed to be set so that the Tender Offer will be consummated only if about half of the approximately 70% of the

Company's shares estimated to be owned by the Company's shareholders who decide whether or not to tender their shares to the Tender Offer in accordance with the determination of whether the terms of the Transactions, including the terms of the Tender Offer, are appropriate, and we believe that it can be deemed that the results of the decisions of the Company's general shareholders to tender their shares are respected to a certain degree. According to the analysis above, if the Tender Offer is successful, approximately 65% of the shareholders will possibly vote in favor of the proposal of the share consolidation. Therefore, even if the results of this analysis are viewed conservatively, the Company believes, considering the ratio of voting rights exercised at the Company's ordinary general meetings of shareholders over the past five years (the average ratio of voting rights exercised at the Company's ordinary general meetings of shareholders over the past five years was 52.64%, and the maximum ratio was 72.23%), that it is considered to be a realistic level at which the proposal for the share consolidation will be approved at the Extraordinary General Meeting of Shareholders after the Tender Offer is approved.

Subsequently, the Tender Offer was consummated as described above, but the Offeror failed in acquiring all of the shares of the Company (excluding the Untendered Shares and the treasury shares held by the Company). As the Company announced in the Press Release, in response to the Offeror's request, the Board of Directors of the Company resolved at a meeting held on September 15, 2022 that subject to the approval of the shareholders at the Extraordinary General Meeting of Shareholders, the Company's shareholders shall be the Offeror and Cornwall Master LP only, and that it shall implement the Share Consolidation as described in "2. Details of the Share Consolidation (Details of the matters stipulated in each item of Article 180, Paragraph 2 of the Companies Act)" below to take shares of the Company private, and resolved that a proposal for the Share Consolidation be submitted to the Extraordinary General Meeting of Shareholders.

As a result of the Share Consolidation, the number of shares of the Company held by shareholders other than the Offeror and Cornwall Master LP will be a fraction of one share.

2. Details of the Share Consolidation (Details of the matters stipulated in each item of Article 180, Paragraph 2 of the Companies Act)

(1) Ratio of share consolidation

The Company will carry out a share consolidation at a ratio of one share for 1,128,914 shares.

(2) Effective date of share consolidation

December 1, 2022

(3) Total number of shares authorized to be issued on the effective date of share consolidation

20 shares

3. Matters Concerning of Reasonableness of Rules for Ratio of Share Consolidation (matters concerning the reasonableness of the provisions regarding the matters stipulated in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act)

The ratio of the Share Consolidation is one share for 1,128,914 shares of the Company. The Company has determined that the ratio of consolidation in the Share Consolidation is appropriate in light of the facts that, as stated in "1. Reasons for the Share Consolidation" above, the Share Consolidation is being carried out for the purpose of making the Offeror and Cornwall Master LP the only shareholders of the Company and that the Tender Offer made as part of the Transactions has been consummated, as well as the following factors.

- (1) Matters that require attention to not damage the interests of shareholders other than the parent company, etc., in case where the parent company, etc. exists

The Share Consolidation is part of the Transactions and is the second step of the so-called two-step acquisition procedure after the Tender Offer. As of the date of the announcement of the Tender Offer, the Company was not a subsidiary of the Offeror or Cornwall Master LP, so the Tender Offer did not fall under the category of a transaction, etc. with a controlling shareholder.

However, considering that the Offeror intends to make the Offeror and Cornwall Master LP the only shareholders of the Company through the Transactions, including the Tender Offer, and taking into consideration the impact of the delisting on the shareholders of the Company, the Company implemented the measures described in “(4) Measures to ensure the fairness of the Transactions and to avoid conflicts of interest” below.

- (2) Method of disposal of fractions of less than one share and the amount of money expected to be delivered to shareholders as a result of such disposal
- (i) Which of the provisions of Article 235, Paragraph 1 of the Companies Act or Article 234, Paragraph 2 of the same Act as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the same Act to be used for the treatment and the reasons for such decision

As stated in “1. Reasons for the Share Consolidation” above, as a result of the Share Consolidation, the number of shares of the Company held by shareholders (excluding the Offeror and Cornwall Master LP) will be fractions of less than one share.

With respect to any fractional shares resulting from the Share Consolidation, the number of shares equivalent to the total of such fractional shares (any fraction of less than one share in such total shall be rounded down pursuant to Article 235, Paragraph 1 of the Companies Act (Act No. 86 of 2005, including subsequent amendments; the same shall apply hereinafter)) shall be sold in accordance with the provisions of Article 235 of the Companies Act and other relevant laws and regulations, and the proceeds from such sale will be delivered to shareholders corresponding to such fractional shares.

Regarding such sale, in light of the fact that the Share Consolidation is part of the Transactions, the purpose of which is to make the Offeror and Cornwall Master LP the only shareholders of the Company, and the fact that shares of the Company are scheduled to be delisted as of November 29, 2022, and will have no market price, it is considered unlikely that a purchaser will emerge through the sale by auction, and the Company plans to sell shares of the Company equivalent to the total of such fractional shares to the Offeror after obtaining court approval pursuant to the provisions of Article 234, Paragraph 2 of the Companies Act, as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the same Act.

In this case, if the aforementioned court approval is obtained as planned, the sale amount will be set at a price such that a cash amount equivalent to the amount obtained by multiplying the number of shares of the Company held by shareholders by 4,100 yen, which is the same amount as the Offer Price, will be delivered to the shareholders. However, the actual amount to be delivered may differ from the amount above in the event that the court approval cannot be obtained or that fractional adjustments are required in the calculation.

- (ii) Name of the person or entity who is a prospective purchaser of the shares to be sold
Offeror

- (iii) Method by which a prospective purchaser of the shares to be sold will secure funds to pay for the sale and the reasonableness of such method

The Company has confirmed that the Offeror can secure funds necessary for the acquisition of shares of the Company equivalent to the total of fractional shares resulting from the Share Consolidation by confirming a certificate of deposit balance dated June 24, 2022 from Sumitomo Mitsui Banking Corporation to the effect that the balance of savings account in the Offeror's name is 19,634,097,000 yen as of June 22, 2022. According to the Offeror, no event has occurred since June 22, 2022 that would hinder the payment for the sale of shares of the Company equivalent to the total of fractions of less than one share, and the possibility of such an event occurring in the future has not been recognized.

Therefore, the Company has determined that the Offeror's method of securing funds to pay for the sale of shares of the Company equivalent to the total of fractions of less than one share is reasonable.

- (iv) Timing of the sale and the expected timing of the delivery of the proceeds from the sale to shareholders

To seek approval to sell shares of the Company equivalent to the total of fractional shares resulting from the Share Consolidation, the Company plans to file a petition with the court in early January 2023, after the effectuation of the Share Consolidation, pursuant to Article 234, Paragraph 2 of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 235, Paragraph 2 of the same Act. Although the timing of obtaining such approval may vary depending on the status of the court and other factors, the Company intends to sell shares of the Company by early February 2023, after obtaining the court approval, and then make the necessary preparations to deliver the proceeds from such sale to shareholders around early April 2023.

In case of share consolidation conducted as a squeeze-out process, the Company has taken into account the period generally considered to be required for the series of procedures related to the sale of share from the effective date of the share consolidation and the results of discussions with an administrator for the register of shareholders who will deliver the proceeds of such sale for the Company, and has determined, as described above, at the respective times, the sale of shares of the Company equivalent to the total of fractional shares resulting from the Share Consolidation will take place and the proceeds from such sale will be delivered to its shareholders.

The proceeds from such sale will be delivered to shareholders of the Company appearing on the final register of shareholders as of November 30, 2022, the day before the effective date of the Share Consolidation, in accordance with the method of delivery of dividend assets by the Company.

- (3) Matters concerning the amount of money expected to be delivered to shareholders as a result of disposal of fractions and the reasonableness of such amount

The amount of money expected to be delivered to shareholders as a result of disposal of fractions will be the amount obtained by multiplying the number of shares of the Company held by shareholder by 4,100 yen, which is the same amount as the Offer Price, as described in "(2) Method of disposal of fractions of less than one share and the amount of money expected to be delivered to shareholders as a result of such disposal."

The Board of Directors of the Company has determined that the Offer Price and other terms and conditions of the Tender Offer are reasonable to general shareholders and that the Tender Offer provides general shareholders with reasonable opportunity to sell their shares for the following reasons: (i) among valuation estimates for shares of the Company provided by Plutus, which are stated in “1) Obtaining a stock value valuation report and fairness opinion from an independent third-party valuation organization” of “(4) Measures to ensure the fairness of the Transactions and to avoid conflicts of interest,” the Offer Price exceeds valuation estimates based on the market price method, as well as the stock’s historical high over the last five years, and also it is reasonably expected to fall within the range of estimates based on the DCF method; (ii) it was foreseeable that the Company would obtain a fairness opinion from Plutus; (iii) although the Offer Price is below the net assets per share of the Company (5,705 yen), it is not reasonable to emphasize the carrying amount of net assets in the calculation of corporate value of the Company as a going concern; and (iv) Measures to ensure fairness in the Tender Offer, which are stated in “(4) Measures to ensure the fairness of the Transactions and to avoid conflicts of interest,” have been adopted and it is deemed that consideration has been given for benefit of general shareholders. In particular, in the process of determining the Offer Price, the Company reported to the Special Committee in a timely manner on the process and details of discussions and negotiations regarding the Transactions between the Offeror and the Company, held meetings of the Special Committee each time to discuss policies, etc., held discussions between the Company and the Offeror multiple times, and otherwise involved the Special Committee in the negotiation process with the Offeror before accepting the final proposal from the Offeror. In addition, after the Company’s Board of Directors, at a meeting held on June 23, 2022, expressed its opinion in favor of the Tender Offer and resolved to recommend that shareholders tender their shares in the Tender Offer, the Company has confirmed that there have been no material changes in terms and conditions that form the basis of the calculation of the Offer Price since the time of resolution of the Board of Directors at a meeting held on September 15, 2022.

Based on the above, the Company has determined that the amount of money expected to be delivered to shareholders as a result of disposal of fractions is reasonable.

- (4) Measures to ensure the fairness of the Transactions and to avoid conflicts of interest
The Share Consolidation is part of the Transactions and is the second step of the so-called two-step acquisition procedure after the Tender Offer. As described in “(6) Measures to ensure the fairness of the Tender Offer, including measures to ensure the fairness of the Offer Price” of “3. Details of opinions, foundation, and reasons regarding the Tender Offer” in the Press Release, the Company and the Offeror took the following measures to ensure the fairness of the Tender Offer, etc., in consideration of impact on shareholders of the Company, in a prudent manner. Of the measures described below, those taken by the Offeror are based on the explanations received from the Offeror.
 - 1) Obtaining a stock value valuation report and fairness opinion from an independent third-party valuation organization
In order to ensure the fairness of the Offer Price, in determining its opinion on the Tender Offer, the Company requested Plutus, a third-party valuation organization, to calculate the value of shares of the Company and to provide an opinion on the fairness of the Offer Price (a fairness opinion) and then obtained from Plutus the Stock Valuation Report and the Fairness Opinion dated June 22, 2022. Plutus is

not a related party of the Company, the Offeror, or Cornwall, and does not have any material interest in the Transactions, including the Tender Offer.

In order to collect and examine information necessary for the calculation of the value of shares of the Company, Plutus obtained information and explanations from the top management of the Company regarding the current status of its business and future prospects and calculated the value of the Company based on such information. Plutus adopted the market price method and the DCF method for the calculation of the value of shares of the Company after considering the calculation approaches to be adopted in calculation from among several share value calculation approaches. The value of a share of the Company calculated by Plutus based on the methods above is as follows.

Market price method: 3,418 yen to 3,855 yen

DCF method: 3,798 yen to 5,204 yen

Under the market price method, using June 22, 2022 as the base date, the range of the value of a share of the Company was estimated at between 3,418 yen and 3,855 yen based on the closing price of shares of the Company listed on the Prime Market of Tokyo Stock Exchange (formerly the 1st Section of the Tokyo Stock Exchange) of 3,855 yen on the base date of ordinary transactions, the simple average of closing prices for the most recent one month of 3,418 yen, the simple average of closing prices for the most recent three months of 3,436 yen, and the simple average of closing prices for the most recent six months of 3,495 yen.

Under the DCF method, the Company's corporate value and the value of shares of the Company were analyzed by discounting the free cash flows that the Company is expected to generate by a certain discount rate to arrive at a present value based on the Company's business plan for the fiscal year ended March 31, 2022 through the fiscal year ending March 31, 2025 and recent performance trends. The value of a share of the Company was estimated at between 3,798 yen and 5,204 yen. The Company's latest business plan, used in the DCF method, covers the period spanning to the fiscal year ending March 31, 2025, a year in which growth can be reasonably estimated through the development of new product categories and other factors. The perpetual growth method was used to calculate the going concern value, and the value of a share of the Company was calculated assuming a perpetual growth rate of 0%.

The Company's business plan includes fiscal years in which a significant increase in profit is expected. Specifically, the Company expects to achieve a substantial increase in profit (operating profit of 388 million yen, up 44.2% year-on-year) in the fiscal year ending March 31, 2024 and a further rise (operating profit of 844 million yen, up 66.7% year-on-year) in the fiscal year ending March 31, 2025 through selection and concentration of the existing product categories and the development of new product categories as mentioned above. Although there are fiscal years in which significant fluctuations in free cash flow is expected, they are in response to the aforementioned significant fluctuations in operating profit and seasonal fluctuations in working capital, and they do not represent planned capital investment or other extraordinary expenditures. The business plan of the Company used for the calculation under the DCF method is the medium-term management plan announced on February 14, 2022, before the commencement of the examination of the Tender Offer, and such business plan was not prepared on the assumption that the Transactions would be executed.

The Company obtained the Fairness Opinion from Plutus dated June 22, 2022 (Note 5). The Fairness Opinion expresses the opinion that the Tender Offer is fair to the Company's general shareholders from a financial point of view, in light of the results of the valuation estimates of shares of the Company based on the financial forecasts prepared by the Company and other factors. The Fairness Opinion is issued by Plutus based on the results of valuation estimates of shares of the Company, which were conducted after receiving disclosure of the current status of the Company's business, future business plans, and other information from the Company and explanations regarding such information, as well as through discussions with the Company on the outline, background, and purpose of the Tender Offer, through examinations of the Company's business environment to the extent deemed necessary by Plutus, economy, market, and financial conditions, and a review process by a review board independent of the Plutus engagement team.

(Note 5) In preparing and submitting the Fairness Opinion and calculating the share value on which it is based, Plutus relied on basic data provided by the Company, publicly available data, and information it received from the Company, assuming that they are accurate and complete and that there are no facts undisclosed to Plutus that could materially affect the analysis or calculation of the value of shares of the Company. Plutus has not conducted any independent investigation or verification of such information and is not obligated to conduct such investigation or verification.

Plutus assumes that the business plans and other materials used by Plutus as the basis for the Fairness Opinion have been reasonably prepared based on the Company's best estimates and judgment at the time they were prepared, and Plutus does not guarantee their feasibility or express any opinion as to the analyses or forecasts on which they were based or the assumptions on which they were based.

Plutus has not made any independent evaluation or appraisal of the assets and liabilities (including off-balance-sheet assets and liabilities and other contingent liabilities) of the Company and its subsidiaries and associates, including any analysis or evaluation of individual assets and liabilities, and has not been furnished with any valuation or appraisal report with respect thereto. In addition, Plutus has not made any evaluation of the creditworthiness of the Company and its subsidiaries and associates under applicable laws and regulations relating to bankruptcy, insolvency, or similar matters. Furthermore, Plutus is not a professional legal, accounting, or taxation organization and has not analyzed or reviewed, and is not obligated to analyze or review, any legal, accounting, or taxation issues relating to the Tender Offer.

The Fairness Opinion has been prepared for the purpose of the Company's examinations of the fairness of the Offer Price. As such, the Fairness Opinion does not address the strategic business position of the Transactions in comparison with feasible alternatives available to the Company or the benefits that may derive from the Transactions, and it does not express any opinion as to whether the Transactions should be implemented by the Offeror.

The Fairness Opinion was provided by Plutus for the purpose of being used as a basis for the Board of Directors' and the Special Committee's determinations regarding the Offer Price, and may not be relied on by any other party.

- 2) Advice from law firm independent of the Company

In order to obtain professional advice on the fairness and legality of the decision-making process regarding the Transactions, the Company selected Nagashima Ohno & Tsunematsu as a legal advisor independent of the Offeror and the Company, and received from Nagashima Ohno & Tsunematsu the necessary legal advice regarding the decision-making method and process of the Board of Directors of the Company related to the Transactions and other points to be noted in the decision-making process.

Nagashima Ohno & Tsunematsu is not a related party of the Offeror, Cornwall, or the Company, and does not have any material interest in the Transactions including the Tender Offer. In addition, the Special Committee approved, at its first meeting, the designation of Nagashima Ohno & Tsunematsu as a legal advisor to the Company as there is no problem with its independence and expertise. The Special Committee also confirmed that it can receive professional advice from Nagashima Ohno & Tsunematsu as necessary.

3) Establishment of the Special Committee in the Company and acquisition of the Written Report from the Special Committee

The Board of Director of the Company resolved at a meeting held on March 14, 2022 to establish the Special Committee. (The members of the Special Committee are Outside Directors concurrently serving as Audit and Supervisory Committee members and independent officers of the Company: Mr. Atsushi Shimizu (a certified public accountant and certified tax accountant), Ms. Mariko Ohsato, Ms. Tomomi Nakano (a certified public accountant and certified tax accountant), and Ms. Toshimi Mizokami (an attorney-at-law). The Company appointed these four persons as members of the Special Committee on March 14, 2022, when the Special Committee was established, and there has been no change in the members of the Special Committee as of June 23, 2022.) They elected Mr. Shimizu as chairman of the Special Committee. The remuneration of the members of the Special Committee is only fixed remuneration paid regardless of the success or failure of the Transactions. The Company will not pay any contingent remuneration even if the Transactions are announced or approved.

Then, based on the resolution by the Board of Directors above, the Company consulted with the Special Committee on: (a) whether the purpose of the Transactions is reasonable and justifiable as one that contributes to the enhancement of corporate value of the Company; (b) the appropriateness of the Offer Price and other conditions in the Tender Offer with the Transactions as an assumption; (c) fairness of the negotiation process and other procedures leading to the Transactions; and (d) whether the Transactions, including the Tender Offer, is not disadvantageous to the Company's general shareholders based on (a) through (c), including whether or not it would be disadvantageous to the Company's general shareholders if the Company decides to express its opinion in favor of the Tender Offer and recommend its shareholders to tender their shares in the Tender Offer, and if the Tender Offer is successful, to decide on the Share Consolidation, which is expected to result in the delisting of shares of the Company (collectively, the "Consultation Matters"), and commissioned the Special Committee to submit a written report on them to the Company.

The Special Committee met 13 times for a total of 25 hours between March 18, 2022 and June 22, 2022, and discussed and deliberated on the Consultation Matters at the meetings, including reporting, information sharing, deliberation, and decision making via e-mail and telephone even between meetings. Specifically, the Special Committee determined at its first meeting that Plutus, the financial advisor and

third-party valuation organization appointed by the Company, and Nagashima Ohno & Tsunematsu, a legal advisor appointed by the Company, have no problems with independence and expertise, and therefore approved their appointments. The Special Committee also confirmed that it would receive professional advice from Plutus and Nagashima Ohno & Tsunematsu as necessary, and that, as a policy of involvement in negotiation process with the Offeror and Cornwall, the Special Committee would be substantially involved in the negotiation process regarding the terms and conditions of the transactions by receiving timely status reports from the negotiators, offering its opinions at critical moments, and providing support and request while the Company's advisors would act as its point of contact for direct negotiations with the Offeror and Cornwall.

The Special Committee then received explanations from the Company regarding the Company's history, business activities, business performance trends, current management issues, the nature of the expected impact of the Transactions on the Company's business, the possibility of alternative measures to the Transactions, and the background of the preparation of the Company's business plan. After discussions with the Company, the Special Committee confirmed the reasonableness of the said business plan. In addition, the Special Committee sent a letter of inquiry to the Offeror and Cornwall in advance regarding the purpose of the Transactions, and received explanations from the Offeror and Cornwall about the reasons for and background of the proposal of the Transactions, the purpose of the Transactions, the nature and extent of the advantages, disadvantages and other effects expected to result from the Transactions, and their planned management policies for the Company after the Transactions, and then had questions and answers session with them. Moreover, the Special Committee received explanations of the calculation of the value of shares of the Company from Plutus, a third-party valuation organization, as well as the Stock Valuation Report and the Fairness Opinion, and had questions and answers session with Plutus, and examined the reasonableness of said business plan and said calculation results. The Special Committee also received legal advice from Nagashima Ohno & Tsunematsu, the legal advisor of the Company, on measures to ensure the procedural fairness of the Transactions, including the significance and role of the Special Committee, as well as on the method and process of decision-making by the Board of Directors of the Company regarding the Transactions and other points to be noted when making decisions related to the Transactions.

Furthermore, the Special Committee received timely reports from the Company on the history and details of the discussions and negotiations between the Company and Cornwall regarding the Transactions, and was involved in the negotiation process with the Offeror and Cornwall, by expressing opinions and advising the Company several times that it should request Cornwall to increase the Offer Price, through the process from discussions at the Special Committee, negotiations as described in "1. Reasons for the Share Consolidation" above, to receiving Cornwall's proposal to set the Offer Price at 4,100 yen on June 3, 2022.

After the process above and careful discussion and examination of the Consultation Matters, the Special Committee unanimously approved the Written Report and submitted it to the Board of Directors of the Company on June 22, 2022. A summary of its contents is as follows:

- (a) Whether the purpose of the Transactions is reasonable and justifiable as one that contributes to the enhancement of corporate value of the Company

Based on the following points, the Transactions are deemed to be justifiable as one that contributes to the enhancement of corporate value of the Company

- The benefits of the Transactions include (i) those related to the most recent initiatives (inventory and supply chain management structure, focus on marketing and digital advertising, handling of unprofitable sales channels, pricing of the Company's products (introduction of minimum advertised pricing strategy, etc.)); (ii) those related to medium-term initiatives (expansion to European markets), measures related to brand loyalty and community, and promotion of M&A and other strategic partnerships); (iii) cost reductions through delisting to become a wholly owned subsidiary, increasing corporate value over the long term; (iv) overcoming past governance deficiencies and stabilizing management not influenced by any particular shareholder; (v) benefits to be enjoyed by the Company's shareholders, customers, business partners, and other stakeholders. On the other hand, there are no significant disadvantages of the Transactions.
- The Company has spent a great deal of management resources to improve its governance system because of the instability of its human resource base due to the large-scale downsizing of employees under the former management team, the deterioration of business relationships with suppliers and customers due to cancellations of transactions, the revelation of inappropriate accounting treatment issues at the Company's subsidiary in North America, and the rejection of the Company's proposal to elect officers at the general meeting of shareholders due to the exercise of shareholder rights by a certain shareholder, and furthermore, the Company has been forced to respond to the appearance of shareholders who demanded short-term dividend increases, and such situation has not been completely resolved. In light of these, it is believed that the Transactions, which are expected to take the Company private through the Tender Offer and establish a new system under which the Company can concentrate its management resources on its core electronics business while receiving support from Cornwall, is desirable from the perspective of enhancing the Company's corporate value and securing the interests of stakeholders.
- Cornwall has never delisted companies in Japan, as in the Transactions. In its past investments in Japanese listed companies, there have been cases where Cornwall tendered all of its shares in an investee in a tender offer approximately three and a half years after the start of the purchase, as well as cases where Cornwall tendered shares in a share repurchase by an investee. However, in any of its past investments, Cornwall allegedly has never made unfriendly shareholder proposals hostile to management, such as requests for the election or dismissal of directors, or made shareholder proposals such as dividend increases or share repurchase in order to secure short-term investment returns. Cornwall's explanation that its stance of aiming to enhance corporate value over the long term in each of the above cases has remained consistent in this case is not considered unreasonable. In addition, Cornwall's analysis of the Company's business is generally consistent with the evaluation by the management team of the Company, and it is possible to see Cornwall's analysis as an indication that it is making a sincere commitment to the Company, and the fact that Cornwall has secured support of professionals of business turnaround who have been with the Company in the past and are familiar with the Company's businesses in North America and Europe is also an indication that it intends to make certain commitments to the Company's business. In light of these points, there is no particular circumstance that causes suspicion that Cornwall's repeated and emphatic statements of its intention to

make a commitment to the Company's business for the purpose of medium- to long-term value creation are not sincere.

(b) Appropriateness of the offer price and other conditions of the Tender Offer with the Transactions as an assumption

Based on the following points, the appropriateness of the offer price and other terms and conditions of the Transactions as a whole, including the Tender Offer, from the perspective of the Company's general shareholders, has been ensured.

- The final Offer Price (4,100 yen per share) reflects a reasonable increase (10.8%) over the price initially offered by Cornwall to the Company (3,700 yen per share). Furthermore, Cornwall and the Company had been engaged in detailed and continuous negotiations for a considerable period of time, even postponing the initially anticipated schedule. The Company repeatedly requested Cornwall to raise the offer price, and it is recognized that the Company had been negotiating earnestly to make the M&A transaction as favorable as possible for its general shareholders.
- The Stock Valuation Report uses the medium-term management plan published by the Company on February 14, 2022 as the basis for the calculation under the DCF method, and the medium-term management plan was prepared independently by the Company without any proposal from Cornwall. There is no evidence of Cornwall's arbitrary pressure on the preparation process of the medium-term management plan, and said plan is considered to have been prepared in a reasonable manner. Plutus also explained that the Company's latest business plan, used in the DCF method, covers the period spanning to the fiscal year ending March 31, 2025, a year in which growth can be reasonably estimated through the development of new product categories and other factors and that the business plan includes fiscal years in which a significant increase in profit is expected and fiscal years in which significant fluctuations in free cash flow is expected, but they are in response to seasonal fluctuations in working capital, and they do not represent planned capital investment or other extraordinary expenditures.
- The Stock Valuation Report confirms that there is nothing unreasonable in any of the calculation method, valuation process, or progress in the calculation, and that the Offer Price exceeds the range of the valuation results under the market price method and within the range of the valuation results under the DCF method. The Offer Price also exceeds the highest price of shares of the Company over the past five years.
- Although the Offer Price is at the lower end of the range of calculation results under the DCF method, the premium level of the Offer Price is not considered to be unreasonably low compared to other companies' examples, nor is it considered to be below a fair price in light of other objective circumstances. In particular, in the electronics business, there are undeniable uncertainties over future product sales, such as difficulties in procuring raw materials due to the global disruption of the semiconductor supply chain and the tightening of import/export regulations due to future instability in the international situation, as well as the fact that some factors leading to a decrease in sales and an increase in costs have emerged in the United States, the core of the Company's sales in North America, the core of North and Latin Americas, which account for 51.5% of the Company's net sales. Among those factors are a sharp rise in the inflation rate and interest rate hikes by central banks and a rapidly deteriorating stock market environment in response to these factors. The Offer

Price is considered to be at the lower end of the range of calculation results under the DCF method, but still within the range considered to be fair.

- In order to ensure the appropriateness of the Offer Price, the Company has obtained the Fairness Opinion from Plutus, a financial advisor and third-party valuation organization independent of the Company and Cornwall, which states that the Offer Price is fair to the Company's general shareholders from a finance point of view.
- The Offer Price is below the Company's net assets per share (5,705 yen) calculated from the Company's carrying amount of net assets as of March 31, 2022 but exceeds the Company's effective liquidation value as estimated by Plutus, and other factors taken together, we believe that the fact that the Offer Price is below the Company's net assets per share is not a reason for not supporting the Tender Offer.
- The Offer Price was determined to be reasonable taking into account various factors comprehensively, which include: (i) it is above the range of the calculation results under the market price method; (ii) it is within the range of the calculation results under the DCF method; (iii) while emphasizing that the Fairness Opinion was obtained, Cornwall and the Company had conducted serious negotiations in an arm's length transaction, and that the Offer Price is higher than the highest price of shares of the Company over the past five years and the effective liquidation value of the Company estimated by Plutus; (iv) according to the change report dated December 22, 2021 submitted by Fuji Fund Ltd., where Mr. Fujimoto, the founder of the Company, served as representative director at that time, Fuji Fund Ltd. sold 150,000 shares of the Company's common stock on December 17, 2021 at the price of 3,550 yen per share, which is lower than the Offer Price; and (v) VARECS Partners Limited and United Managers Japan Inc., two of the Company's shareholders who are considered to have a pure investment objective, have agreed to tender their shares at the Offer Price.
- Although no majority-of-minority condition has been set in the Tender Offer and the minimum number of shares has been set, it is considered reasonable in light of the Company's shareholder composition and the ratio of voting rights exercised at past ordinary general meetings of shareholders. In other words, the shareholding ratio of the Company's shareholders who will decide whether or not to tender their shares in the Tender Offer in accordance with the determination of whether the terms of the Transactions, including the terms of the Tender Offer, are appropriate, will be approximately 70%, a ratio estimated by subtracting the shareholding ratio of the Cornwall (19.25%) and the shareholding ratio of index funds, etc. (approximately 10%) from 100%. Therefore, the minimum number of shares to be purchased, which is set at 55%, so that the Tender Offer will be consummated only if about half of the approximately 70% of the Company's shares estimated to be owned by the Company's shareholders who decide whether or not to tender their shares to the Tender Offer in accordance with the determination of whether the terms of the Transactions, including the terms of the Tender Offer, are appropriate, and it can be deemed that the results of the decisions of the Company's general shareholders to tender their shares are respected to a certain degree. According to the analysis above, if the Tender Offer is successful, approximately 65% of the shareholders will possibly vote in favor of the proposal of the share consolidation. Therefore, even if the results of this analysis are viewed conservatively, it can be said that given that the average and maximum ratios of voting rights exercised at the Company's ordinary general meetings of

shareholders over the past five years have been 52.64% and 72.23%, respectively, it is considered to be a realistic level at which the proposal for the share consolidation will be approved at the Extraordinary General Meeting of Shareholders after the Tender Offer is approved.

- Terms and conditions of the transaction other than the Offer Price and the minimum number of shares to be purchased are considered comparable to those in similar transactions.

(c) Fairness of the negotiation process and other procedures leading to the Transactions

Based on the following points, it is recognized that sufficient consideration has been given to the interests of the Company's general shareholders through fair procedures in the Transactions.

(i) Establishment of the Special Committee

- The following measures taken to enhance the effectiveness of the Special Committee are deemed sufficient in light of measures to enhance the effectiveness of the Special Committee, and are comparable to those taken by other special committees established for similar purposes.
 - The Special Committee had been established before the terms of the transaction were determined between Cornwall and the Company
 - The Special Committee is composed solely of Outside Directors concurrently serving as Audit and Supervisory Committee Members and independent officers, who are considered most qualified to serve on the Special Committee under the "Fair M&A Guidelines" published by the Ministry of Economy, Trade and Industry on June 28, 2019.
 - When the Company discusses the Offer Price with Cornwall, the Company requests confirmation from the Special Committee in advance or immediately after the discussion, which enables the Special Committee to receive timely reports on the status of negotiations and to provide its opinions, support and requests at critical moments, thereby ensuring that the Special Committee can substantially influence the negotiation process regarding the terms of the transaction.
 - Although the Special Committee has not appointed its own advisors, in light of the facts that the members of the Special Committee have sufficient knowledge of the characteristics of the Company's business (two of the members are certified public accountants and certified tax accountants) and legal expertise (one of the members is an attorney-at-law), as well as that the Company's financial advisor and legal advisor possess professional expertise and independence, the Special Committee has determined that the appointment of its own advisors is unnecessary.
 - Given the wide range of possible benefits of the Transactions and the difficulty of disclosing all the details of the Transactions to public, the Special Committee obtained important information regarding the Transactions on behalf of the general shareholders, and has examined and made its decision based on such information.
 - Each member of the Special Committee is paid a fixed amount of remuneration in compensation for his/her duties, in addition to the remuneration as an Outside Director.

(ii) Decision-making process of the Company

- Since the Tender Offer does not constitute a takeover bid by a controlling shareholder or an MBO transaction, and since none of the Company's Directors intends to enter into a tender agreement or any other agreement with Cornwall related to the Transactions, it can be evaluated that there is not conflict of interest between the Company's Directors and general shareholders. Decisions regarding the Tender Offer have been made by all the Company's Directors (including Audit and Supervisory Committee Members) who do not have conflicts of interest, and there is nothing in the decision-making process at the Company that raises questions about fairness.
- (iii) Obtaining professional advice, etc. from outside experts
- The Company is deemed to have obtained independent professional advice from Nagashima Ohno & Tsunematsu, a legal advisor independent of Cornwall and the Company.
 - In order to ensure the fairness of the Offer Price, the Company has obtained the Stock Valuation Report and the Fairness Opinion from Plutus, an independent financial advisor and third-party valuation organization. Accordingly, it has been expressed that the Offer Price is fair to the Company's general shareholders from a financial point of view as an opinion of independent third-party valuation organization.
- (iv) Market check
- Given the relatively long purchase period of 31 business days for the Tender Offer, and the fact that there is no agreement between the Company and Cornwall to restrict contact with proponents of counter offers, which includes provision for deal protection, the Transactions can be evaluated that a so-called indirect market check is being implemented by conducting the M&A in an environment that creates the possibility for other potential acquirers to make competing proposals after the announcement of the Tender Offer.
- (v) Majority-of-minority condition
- Although no so-called majority-of-minority condition is set in the Tender Offer, it is not recognized that it is always desirable to set a majority-of-minority condition, and it is considered appropriate to make a comprehensive judgment on the effectiveness of setting a majority-of-minority condition and presence or absence of harmful effects, and to consider whether or not a majority-of-minority condition is necessary based on the specific circumstances of the M&A in question. Then, the minimum number of shares to be purchased, which is set at 55%, so that the Tender Offer will be consummated only if about half of the approximately 70% of the Company's shares estimated to be owned by the Company's shareholders who decide whether or not to tender their shares to the Tender Offer in accordance with the determination of whether the terms of the Transactions, including the terms of the Tender Offer, are appropriate, and we believe that it can be deemed that the results of the decisions of the Company's general shareholders to tender their shares are respected to a certain degree. Therefore, it is also considered reasonable not to set a majority-of-minority condition.
- (vi) Providing more information to general shareholders and increasing transparency of the process
- In the Transactions, the press release is deemed to have provided sufficient information to general shareholders regarding (1) information about the Special Committee, (2) information about the stock valuation report and fairness opinion, and (3) other information.

(vii) Elimination of coercion

- It is planned to be disclosed that the Squeeze-out Process of the Transactions will be executed through a scheme using a share consolidation in which shareholders are granted the right to file a price determination petition, that the Squeeze-out Process will be executed promptly after the completion of the Tender Offer, and that the amount of money to be delivered to general shareholders in the Squeeze-out Process is expected to be the same price as the Offer Price.
- Therefore, it is considered that measures have been taken to eliminate coercion with respect to the Transactions.

- (d) Whether the Transactions, including the Tender Offer, are not disadvantageous to the Company's general shareholders based on (a) through (c) including whether or not it would be disadvantageous to the Company's general shareholders if the Company decides to express its opinion in favor of the Tender Offer and recommend its shareholders to tender their shares in the Tender Offer, and if the Tender Offer is successful, to decide on the Share Consolidation, which is expected to result in the delisting of shares of the Company

As described in (a) above, the Transactions are justifiable as contributing to the enhancement of the Company's corporate value, and as described in (b) and (c) above, the Transactions as a whole, including the Tender Offer, from the perspective of the Company's general shareholders, ensure the appropriateness of the Offer Price and other terms of the Transactions, and have given due consideration to the interests of the general shareholders of the Company through fair procedures. In addition, the Company's decision to express its opinion in favor of the Tender Offer and recommend the general shareholders to tender their shares in the Tender Offer, and the decision to consolidate its shares, which is expected to result in delisting if the Tender Offer is successful, are not considered to be disadvantageous to general shareholders of the Company.

4) Approval of all Directors (including Audit and Supervisory Committee Members)

The Company carefully discussed and examined the terms and conditions of the Transactions, including the Tender Offer, based on the Stock Valuation Report and the Fairness Opinion received from Plutus, as well as the legal advice from Nagashima Ohno & Tsunematsu, while respecting to the maximum extent possible the contents of the Written Report submitted by the Special Committee. As a result, as described in "1. Reasons for the Share Consolidation" above, (i) the Company believed that it could quickly improve its corporate value by going private as a subsidiary of the Offeror and focusing solely on the management of its electronics business; (ii) the Company recognized that Cornwall is a partner that the Company can work with to quickly enhance its corporate value; (iii) of the results of calculation of the value of shares of the Company by Plutus, the Offer Price exceeds the valuation results under the market price method and within the range of the valuation results under the DCF method. The Offer Price also exceeds the highest price of shares of the Company over the past five years; (iv) the Company has obtained the Fairness Opinion from Plutus; (v) it is not reasonable to emphasize the carrying amount of net assets when calculating the corporate value of the Company, which is a going concern, because the carrying amount of net assets neither represents a company's theoretical liquidation value nor reflects future earnings power, and it exceeds the effective liquidation value. The fact that the Offer Price is below net assets per share does not necessarily

mean that the Offer Price is unreasonable; (vi) the minimum number of shares to be purchased in the Tender Offer (55%) is at least at the level at which the proposal for the Share Consolidation can realistically be approved at the Extraordinary General Meeting of Shareholders and is reasonably expected to receive approval by special resolution after the Tender Offer is successful, taking into account the existence of index funds, etc.; and (vii) in light of the facts that each measure to ensure the fairness of the Tender Offer has been taken and that the interests of the Company's general shareholders have been considered, and in particular, that the Special Committee has been substantially involved in the process of determining the Offer Price in a timely and appropriate manner, the Company has determined that the Tender Offer provides shareholders of the Company with a reasonable opportunity to sell their shares. Therefore, at a meeting of the Board of Directors held on June 23, 2022, all of the Company's Directors (including Audit and Supervisory Committee Members) unanimously resolved to express their opinions in favor of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer. None of the Company's Directors has any interest in the Transactions.

5) Measures to secure opportunities for other purchasers to purchase shares of the Company

With respect to the Tender Offer period, the Offeror has set the Tender Offer period of 31 business days, whereas the minimum period required by law is 20 business days. The Offeror says that by setting a relatively long Tender Offer period, it ensures that shareholders of the Company have an appropriate opportunity to make a decision on whether to tender their shares in the Tender Offer and also ensures that there are opportunities for competing purchases by parties other than the Offeror, thereby ensuring the fairness of the Tender Offer.

In addition, the Company has not entered into any agreement with the Offeror that prohibits the Company from contacting any counter offeror or withdrawing its support for the Tender Offer. The Company intends to ensure the fairness of the Tender Offer by securing opportunities for counter purchases, etc., together with the establishment of the Tender Offer period above.

4. Disposition of significant assets, incurrence of significant liabilities, or other events that materially affect the financial position of the Company that occurred after the end of the last fiscal year of the Company

As described in "1. Reasons for the Share Consolidation" above, the Offeror conducted the Tender Offer from June 24, 2022 to August 8, 2022, and as a result, the Offeror held 3,386,743 shares of the Company (shareholding ratio: 57.61%) as of August 16, 2022, the settlement commencement date of the Tender Offer.

Item 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

- (1) If Item 1 “Share Consolidation” is approved as originally proposed, and the Share Consolidation takes effect, the total number of shares authorized to be issued by the Company will decrease to twenty (20) in accordance with the provision of Article 182, Paragraph 2 of the Companies Act. In order to clarify this point, Article 6 (Total Number of Shares Authorized to be Issued) of the Articles of Incorporation is to be amended on condition that the Share Consolidation take effect.
- (2) If Item 1 “Share Consolidation” is approved as originally proposed, and the Share Consolidation takes effect, the Company will likely be delisted. After being delisted, investors will not be able to trade shares of the Company on the Prime Market of the Tokyo Stock Exchange. The entire text of Article 7 (Acquisition of Shares of the Company) of the Articles of Incorporation is, therefore, to be deleted and necessary changes are to be made, including moving up the multiplier, etc., in connection with such change.
- (3) If Item 1 “Share Consolidation” is approved as originally proposed, and the Share Consolidation takes effect, the total number of shares issued and outstanding will be five (5), and there will be no need to determine the number of shares constituting one unit. Therefore, subject to the Share Consolidation taking effect, the entire text of Article 8 (Number of Shares Constituting One Unit) and Article 9 (Rights Associated With Shares Less Than One Unit) of the Articles of Incorporation is to be deleted to abolish provisions of the share unit, which is 100 shares, and the remaining Articles will be renumbered. Also, the supplementary provisions concerning the transitional measures related to the measures for electronic provision will be rearranged.

2. Details of the amendments

The details of the amendments are as follows. The amendments to the Articles of Incorporation proposed in Item 2 shall become effective on December 1, 2022, the effective date of the Share Consolidation proposed in Item 1 “Share Consolidation” if Item 1 is approved as originally proposed and the Share Consolidation becomes effective.

(Underlines indicate amended sections)

Current Articles of Incorporation	Proposed amendments
(Total Number of Shares Authorized to be Issued)	(Total Number of Shares Authorized to be Issued)
Article 6 The total number of shares authorized to be issued by the Company shall be <u>sixteen million nine hundred thousand (16,900,000)</u> .	Article 6 The total number of shares authorized to be issued by the Company shall be <u>twenty (20)</u> .
(Acquisition of Shares of the Company)	
Article 7 <u>By resolution of the Board of Directors, the Company may acquire shares of the Company by means of market transactions or any other method.</u>	<Deleted>
(Number of Shares Constituting One Unit)	
Article 8 <u>The number of shares to constitute one unit of shares of the Company shall be one hundred (100).</u>	<Deleted>
(Rights Associated With Shares Less Than One Unit)	
Article 9 <u>Shareholders of the Company shall not be allowed to exercise any rights with respect to their shares less than one unit except the following rights:</u>	
1. <u>Rights provided in each item of Article 189, Paragraph 2 of the Companies Act</u>	<Deleted>
2. <u>Rights to claim in accordance with the provisions of Article 166, Paragraph 1 of the Companies Act</u>	
3. <u>Rights to be allotted shares for subscription and share options for subscription in proportion to the number of shares held by the shareholder</u>	
Articles <u>10 to 36</u> (Omitted)	Articles <u>7 to 33</u> (Unchanged)

Current Articles of Incorporation	Proposed amendments
<p>(Supplementary provisions) (Transitional measures related to the measures for electronic provision)</p> <p>1. <u>The deletion of Article 15 (Internet disclosure and deemed provision of reference documents for general meetings of shareholders) of the current Articles of Incorporation and the establishment of Article 15 (Measures for electronic provision, etc.) of the proposed amendments shall take effect from September 1, 2022 (the “Enforcement Date”).</u></p> <p>2. <u>Notwithstanding the provision of the previous paragraph, Article 15 of the current Articles of Incorporation shall remain in force for general meetings of shareholders held on a day that is within six months of the Enforcement Date.</u></p> <p>3. These supplementary provisions shall be deleted after the lapse of six months from <u>the Enforcement Date</u> or the lapse of three months from the day of the general meeting of shareholders in the previous paragraph, whichever is later.</p>	<p>(Supplementary provisions) (Transitional measures related to the measures for electronic provision)</p> <p style="text-align: center;"><Deleted></p> <p>1. For general meetings of shareholders held on a day that is within six months from <u>September 1, 2022, Article 12 of the Article of Incorporation as amended as of December 1, 2022 shall be replaced with “When convening a general meeting of shareholders, the Company may deem that it has provided its shareholders with information concerning matters to be stated or presented in the reference documents for general meetings of shareholders, business report, nonconsolidated financial statements, and consolidated financial statements, by disclosing such information via the Internet in accordance with provisions stipulated in the Ordinance of the Ministry of Justice.”</u></p> <p>2. These supplementary provisions shall be deleted after the lapse of six months from <u>September 1, 2022</u> or the lapse of three months from the day of the general meeting of shareholders in the previous paragraph, whichever is later.</p>